

# North Carolina's "Average" Teacher Pay Myth

## Executive Summary

Each year, policymakers, educators, and the general public engage in debates around the statewide average teacher pay figure that the North Carolina Department of Public Instruction publishes on its website and reports to the National Education Association. These debates take up the important consideration of whether or not teachers are adequately compensated as compared with teachers in other states as well as compared with workers in other sectors.

However, when looking more closely at the data that DPI uses to calculate this statewide average, we find that this figure sends a misleading message about what the average teacher in most North Carolina districts is earning—and how their salaries measure up when compared with similarly educated and experienced professionals working in other sectors.

In this report, the Public School Forum presents our analysis of North Carolina teacher salary data, highlighting the following key findings:

- The average teacher salaries in more than 80 percent of North Carolina's school districts fall below the reported state average salary.
- Average teacher salary varies widely from district to district due to inequities in local salary supplements that are funded through local property taxes, meaning the lowest paid teachers are typically found in the districts with the highest poverty rates.
- The calculation used to determine the statewide average teacher salary reported by DPI includes bonuses and other funds that many teachers don't receive.
- Teachers in North Carolina are paid less than their similarly educated and experienced peers.

## Introduction

For 2018-19, the Department of Public Instruction projects that the average teacher salary in North Carolina will be nearly \$54,000—a more than \$2,000 increase over last year. The Department reports this figure to the National Education Association, who uses DPI's figure as they compile their annual ranking on how states pay their teachers. A statewide average teacher salary figure of \$53,975 would bring North Carolina's ranking up from 37th last year to 29th in the country on average teacher pay, NEA estimates.

However, according to the Public School Forum's analysis of district-level<sup>1</sup> data from the Department of Public Instruction, the average salary for teachers working in more than four out of every five school districts falls below the reported state "average," and in many districts, especially those where it is hardest to recruit and retain high quality teachers and where many of our lowest-performing schools are located, teachers earn well below that average.<sup>2</sup>

Why are teachers in the majority of North Carolina districts earning less than the reported state average? We find that it comes down to an unfair burden on local districts to carry the water on teacher compensation as well as calculations that artificially inflate the state "average," which results in a misrepresentation of what teachers actually earn in most districts. The reported \$54,000 "average" includes a mixed bag of state funds, an assortment of other bonuses that many teachers do not actually receive, and average district salary supplements funded by local tax dollars that vary widely across districts with different levels of wealth.

## Breaking down DPI's reported "average" teacher pay: how is it calculated and why is it misleading?

The "average" teacher salary was calculated starting with the weighted average of the estimated base salary for all teaching positions funded by the state position allotments, which in 2018-19 was reported to be \$48,421.<sup>3</sup>

### Average Teacher Compensation

Category	2018-19 Estimate	2017-18 Final	2018-19 \$ Chg	Est vs Final % Chg	NOTES:
Base Salary <sup>(1)</sup>	\$ 48,421	\$ 45,861	\$ 2,560	6%	1) Calculated based on 6th pay period.
New Teacher Orientation <sup>(2)</sup>	\$ 15	\$ 16	\$ (1)	-6%	2) Calculated based on expenditure data.
Extended Contract <sup>(2)</sup>	\$ 1	\$ 1	\$ -	0%	3) Information received from LEAs annually via survey.
Tutorial Pay <sup>(7)</sup>	\$ 87	\$ 87	\$ -	0%	4) Only bonuses from recurring funds and subject to retirement included
Performance Bonus <sup>(4)</sup>	\$ 394	\$ 383	\$ 11	3%	5) Additional pay for state agency teachers such as those provided by Office of Juvenile Justice and DHHS.
Supplementary Pay <sup>(3)</sup>	\$ 4,580	\$ 4,337	\$ 243	6%	6) Performance Bonus includes Teacher Reading & Math, AP/IB and CTE Bonuses.
Other Bonus <sup>(4)</sup>	\$ 2	\$ 66	\$ (64)	-97%	7) Prior year actual is used as an estimate
Workshop Participant <sup>(2)</sup>	\$ 12	\$ 19	\$ (7)	-37%	
Annual Leave Pay <sup>(7)</sup>	\$ 369	\$ 369	\$ -	0%	
Mentor Pay <sup>(2)</sup>	\$ 3	\$ 4	\$ (1)	-25%	
Other Assignments <sup>(2)</sup>	\$ 21	\$ 21	\$ -	0%	
Total	\$ 53,905	\$ 51,164	\$ 2,741	5%	
State Agency Teachers <sup>(5)</sup>	\$ 70	\$ 70	\$ -	0%	
Grand Total	\$ 53,975	\$ 51,234	\$ 2,741	5%	

(Source: NC Department of Public Instruction, Highlights of the NC Public School Budget 2019)

1. In order to determine the exact average salary for all teachers in the state, and the exact percentage of teachers earning above and below that value, individual-level data for all teachers would be required. As we were only able to access district-level averages for these analyses, we report findings at the district level, rather than the teacher level.

2. North Carolina Public School Finances. Accessed May 22, 2019. <https://gdcreporting.ondemand.sas.com/srcfinance/>.

3. "Highlights of the North Carolina Public School Budget February 2019." Accessed May 21, 2019. <http://www.dpi.state.nc.us/docs/fbs/resources/data/highlights/2019highlights.pdf>.

However, this base figure of \$48,421 is likely to be higher than the actual average base salary for all teachers in North Carolina because a substantial portion of public school teachers was excluded from this calculated average. The reported average teacher salary figure includes only teachers who are funded through the state's teaching position allotments—but about 12 percent of the state's teaching force whose positions are funded through local or federal dollars was omitted.<sup>4</sup>

Based on our interviews with multiple district leaders, state-funded teachers are likely to be paid higher, on average, than those funded by local and federal dollars, because the state position allotments allow for teachers to be paid based on the salary schedule without being restricted to a particular dollar amount—a lifeline for lower wealth districts that want to retain more experienced teachers. Thus, districts would be compelled to have their more experienced and higher-paid teachers paid through allotments and their teachers who fall lower on the salary schedule paid through local and federal dollars, which are restricted dollar amounts.

Given this scenario, the base pay used by the Department of Public Instruction to calculate the reported “average” teacher salary (\$48,421) is likely to be inflated. The base salaries for North Carolina teachers with bachelor's degrees, based on the state salary schedule, range from \$35,000 per year to \$52,000 per year. Added to the already inflated “average” teacher base pay is a non-weighted average of additional sources of pay that most teachers do not actually receive, including annual leave pay (which goes to those retiring or leaving the profession), performance bonuses, and additional pay for teachers who provide tutoring, mentoring, or other extra services. All of these additional funds amount to nearly an additional \$1,000 that is not representative of what the average teacher actually receives.



4. "Highlights of the North Carolina Public School Budget February 2019." Accessed May 21, 2019. <http://www.dpi.state.nc.us/docs/fbs/resources/data/highlights/2019highlights.pdf>.



## Local dollars supplement inadequate state pay, and teachers in most districts make less than the reported state “average.”

DPI’s calculation for “average” teacher pay statewide also includes a \$4,580 figure for “Supplementary Pay,” which is meant to represent the amount of additional pay on top of the state-funded base salary that the average teacher receives as a locally-funded salary supplement. Local salary supplements are additional pay that districts may add to the base teacher pay that is determined by the state salary schedule as a way of attracting and retaining the best educators. The extent to which districts are able to fund and offer local supplements is tied to the amount of local revenue generated by property taxes and the policy decisions of district leaders.

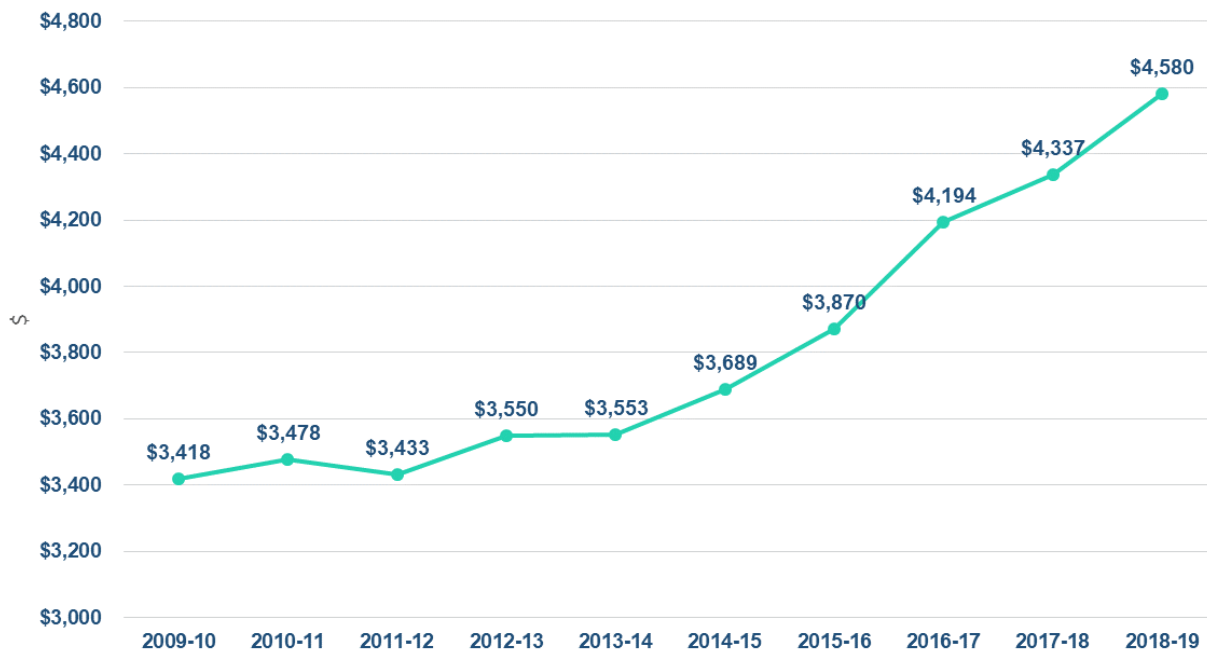
Local salary supplements have long been used by districts as a way to attract the best teachers; however in recent years, the proportion of teacher salaries that has been funded through the use of supplemental pay has increased sharply, likely to help mitigate North Carolina’s poorly positioned investment in the teaching workforce and to recruit and retain teachers at a time when the profession has seen declining numbers. According to data from the Department of Public Instruction, the state average local salary supplement has increased by more than 25 percent in the five-year time period since 2013-14, after only a two percent increase across the five years prior to 2013.<sup>5</sup>



5. "Selected Characteristics of Local Salary Supplements." Statistical Profile. Accessed May 22, 2019. <http://apps.schools.nc.gov/ords/f?p=145:25::NO::>



### State Average Salary Supplement 2009-2018



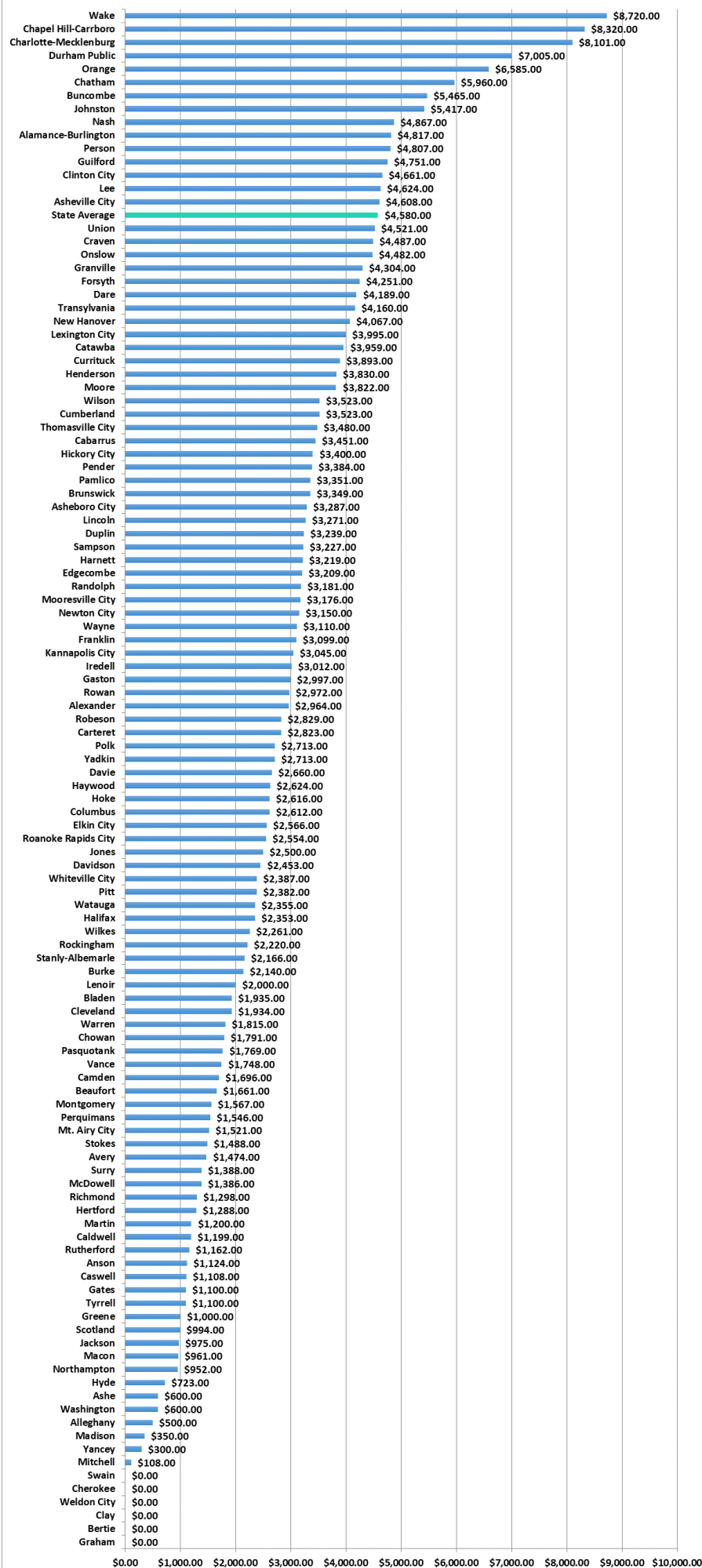
(Source: Department of Public Instruction Statistical Profile, Selected Statistics of Local Salary Supplements)

As a result of stark and growing inequities across North Carolina's school districts with regard to local property tax bases and, in turn, the amount of local dollars available to fund educational expenses,<sup>6</sup> there are substantial differences in local salary supplements from one district to another, resulting in large disparities in average teacher pay depending on location. Eighty-seven percent of North Carolina's 115 school districts offer local salary supplements that are lower than the state average salary supplement used by DPI in their calculation of the overall "average" teacher salary.



6. "2019 Local School Finance Study." Public School Forum of North Carolina. Accessed May 22, 2019. <https://www.ncforum.org/2019-local-school-finance-study/>.

## Average Local Salary Supplement by District, 2018-2019



(Data Source: Department of Public Instruction Statistical Profile, Selected Statistics of Local Salary Supplements)

Average teacher pay by district, therefore, is heavily dependent on the wealth of the district that teachers work in—and, as a result, teachers are incentivized to work in districts that are wealthier and better resourced overall, while districts that are poorer and have the greatest need are even further disadvantaged by having higher rates of teacher turnover and fewer experienced teachers.

In Wake County, for example, teachers are paid a local salary supplement of approximately \$8,700. The reported average salary for Wake County teachers, including this local supplement, is about \$58,400.

Travel just 40 miles north to Vance County, a lower-wealth, rural district that taxes itself at nearly twice the rate of Wake County in an effort to adequately fund its schools, despite having the second-lowest property tax base in the state when adjusted for the average daily membership in its local public schools.<sup>7</sup> The local salary supplement offered there, despite the county's taxation efforts, was only \$1,748 for the 2018-2019 school year.<sup>8</sup> Put that together with the reported average for North Carolina teachers paid through state position allotments, and the “average” teacher in Vance County earns closer to \$50,500—about \$8,000 less than teachers working in Wake County. Local leaders in Vance County, like those in other small, rural, and low-wealth districts, have noted that they often lose their best teachers to districts that pay more, including Wake County and even Virginia, as teachers are willing to drive the extra distance to earn significantly higher wages.

The story is similar in other parts of the state. Charlotte-Mecklenburg teachers, for instance, received about \$8,101 in local supplemental pay on average in 2018-2019, while those in nearby Anson county received only \$1,124. Teachers in six districts in North Carolina received no salary supplement at all. Because Charlotte and Wake, the two largest school districts in the state, provide such high supplements compared to smaller and less wealthy districts and because these two districts alone employ over 20 percent of the teachers in the state, the reported “average” supplement is skewed so that the state average appears to be much higher than what teachers in most districts actually receive.

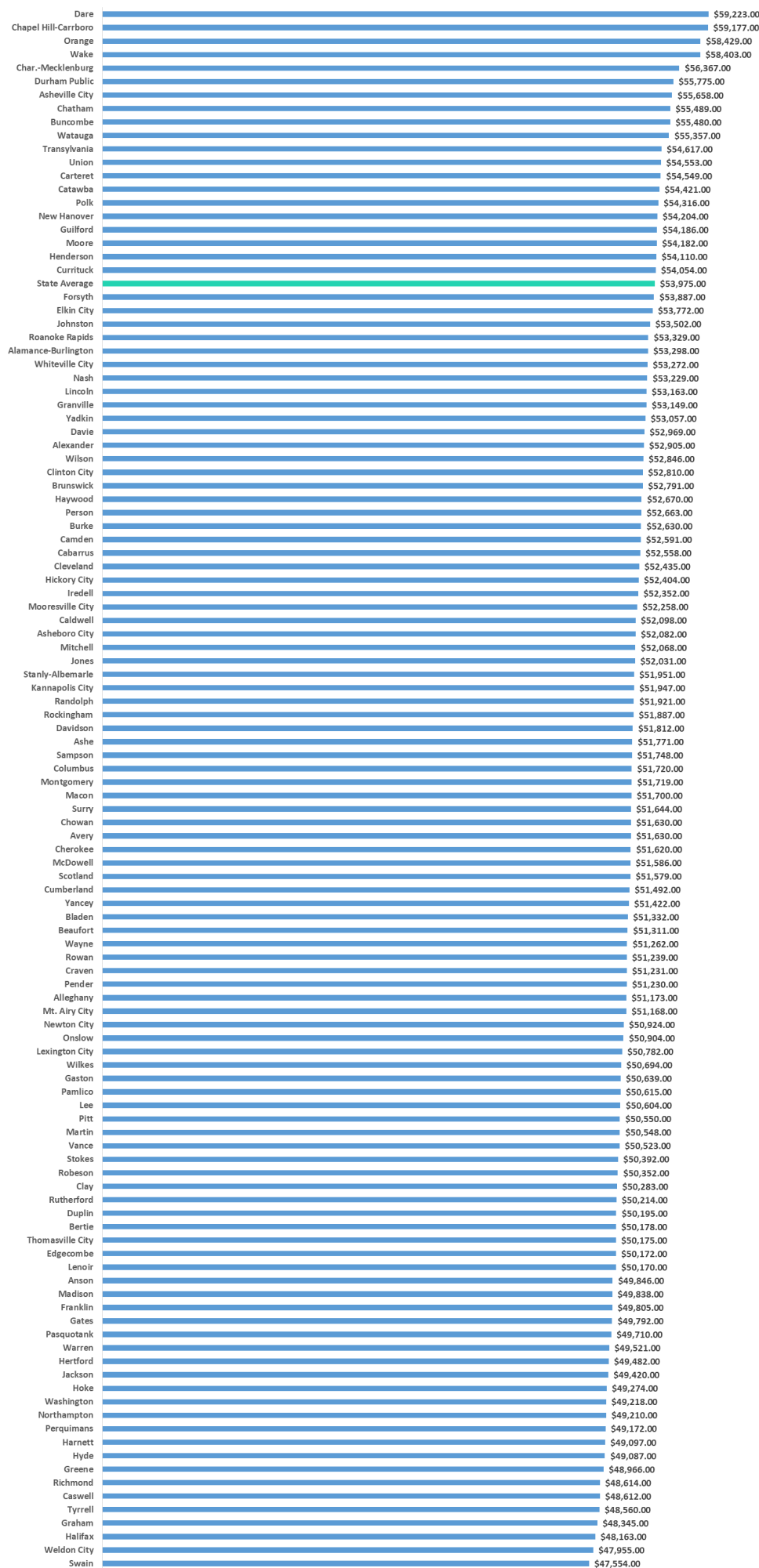
As a result, there is a substantial gap in the average teacher pay across districts. Teachers in four out of every five districts receive less pay than the reported state “average” salary. **The gap between the average pay for teachers in the highest and lowest paying districts in North Carolina is more than \$10,000.**

7. “2019 Local School Finance Study.” Public School Forum of North Carolina. Accessed May 22, 2019. <https://www.ncforum.org/2019-local-school-finance-study/>.

8. “Selected Characteristics of Local Salary Supplements.” Statistical Profile. Accessed May 22, 2019. <http://apps.schools.nc.gov/ords/f?p=145:25:::NO:::>



## Average State-Funded Teacher Salary by LEA as Reported by DPI, 2018-2019



(Data source: [www.schoolfinance.nc.gov](http://www.schoolfinance.nc.gov))

## The wage gap between NC teachers and their peers is one of the highest in the country, and has grown over time.

The Public School Forum conducted additional analysis of teacher pay data using the nationwide School Finance Indicators Database.<sup>9</sup> We found that on average, teachers in North Carolina earn substantially lower salaries than their similarly educated and experienced peers in other fields, ranking 45th in the country for "teacher salary parity," a measure of the estimated salary differential between teachers and similarly educated and experienced non-teachers.<sup>10</sup>

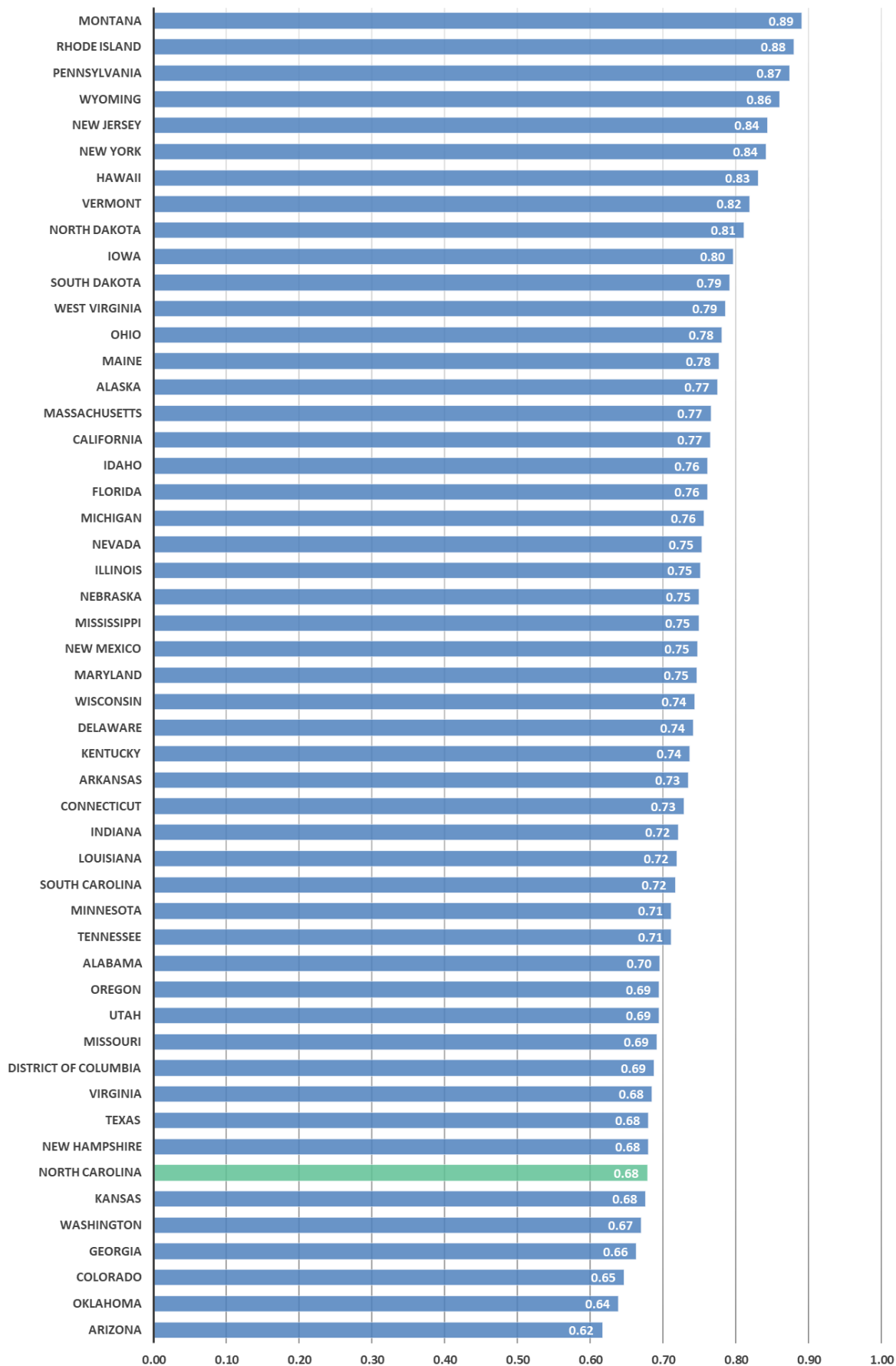


9. School Finance Indicators Database. Accessed May 23, 2019. <http://schoolfinancedata.org/>. The School Finance Indicators Database is compiled and published by researchers at Rutgers University and the Shanker Institute. The database is a "collection of sophisticated school finance measures for assessing the adequacy and fairness of each state's revenue, spending, and resource allocation, and for comparing these outcomes between states." The SFID compiles data from a range of sources, including the American Community Survey, which was used for the determination of projected salary and salary parity measures.

10. School Finance Indicators Database. Accessed May 23, 2019. <http://schoolfinancedata.org/>. Teacher salary and parity measures are "based on regression model of wage income for teachers and non-teachers, weighted for sampling probability. Competitive wage ratio (INCWAGE), or predicted wage of elementary and secondary teachers divided by predicted wage of non-teachers working in the same state, with a master's degree, at specific ages:  $\ln \text{INCWAGE} = b_0 + b_1 \text{State} + b_2 \text{K12Teacher} + b_3 \text{State} \times \text{K-12Teacher} + b_5 \text{Age} + b_6 \text{Masters} + b_7 \ln(\text{hours}) + b_8 \text{Weeks/Year} + e$  Estimated separately for each year, and weighted by sampling probability weight (perwt). Includes only those individuals holding a bachelors or masters degree. State represents a matrix of state dummy variables, K-12 Teacher an indicator that the occupation code is for teacher and industry code for elementary/secondary education." Salary Parity is "the estimated differential (b3) between teachers and non-teachers' income from wages in each state (given the baseline difference b2 between teacher and non-teacher income from wages). Age is a matrix of dummy variables for each age from 25 to 65. Typical hours per week are logged (ln) and weeks per year specified as a matrix of dummy indicators."

## Salary Parity between Teachers and Similarly Educated and Experienced Professionals by State, 2016\*

\*Salary parity measure is a ratio of salaries of similarly educated and experienced teacher to non-teachers, averaged across four subgroups at ages 25, 35, 45, and 55



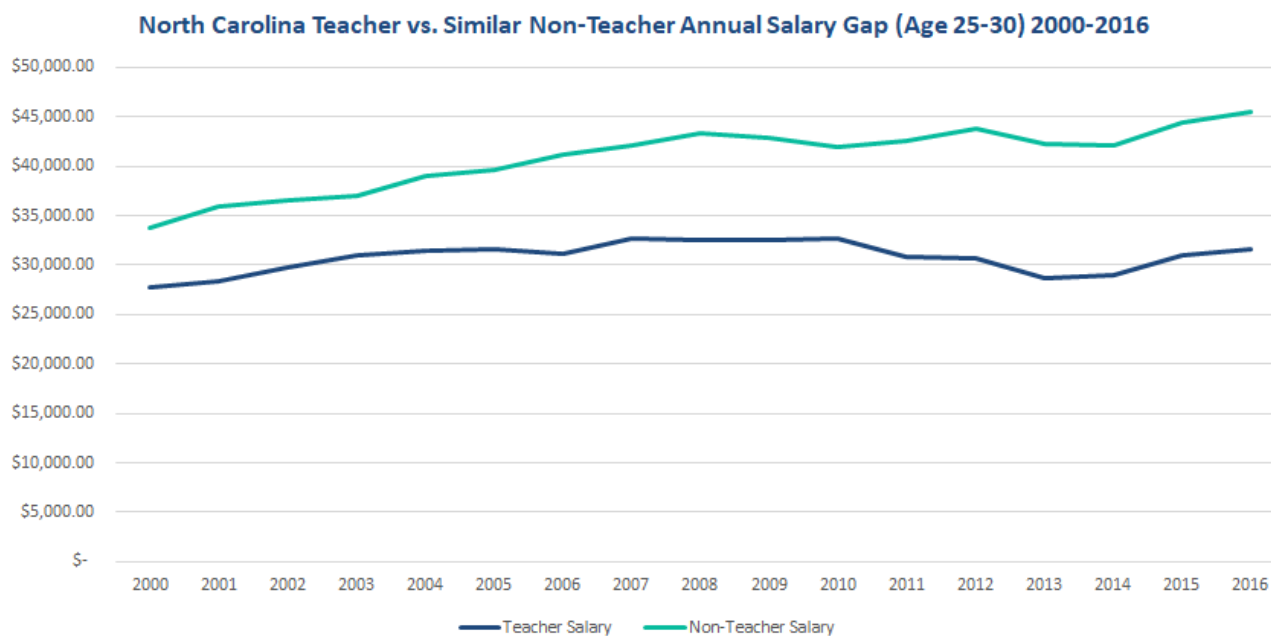
(Data Source: School Finance Indicators Database: <http://schoolfinancedata.org>)



The teacher wage data for all states in the School Finance Indicators Database are likely to include teachers other than those who teach in public schools, and are therefore most useful as a way to measure the wage gap between teachers and non-teacher and teacher salaries across states rather than as a measure of the typical public school teacher salary within a state. Income measures are only included for those who hold bachelor's or master's degrees.

These findings are in line with those published by the Economic Policy Institute<sup>11</sup> showing that North Carolina teachers earn nearly 27 percent less than their similarly educated and experienced peers based on weekly wage data, after controlling for a number of covariates including race, gender, marital status, education level, degree, and whether the teacher worked in a public or private school. Consistent with our findings, EPI researchers found that North Carolina has the seventh highest teacher wage gap of all states, including the District of Columbia. In other words, teachers in North Carolina earn less when compared to their similarly educated and experienced peers than do teachers in nearly every other state.

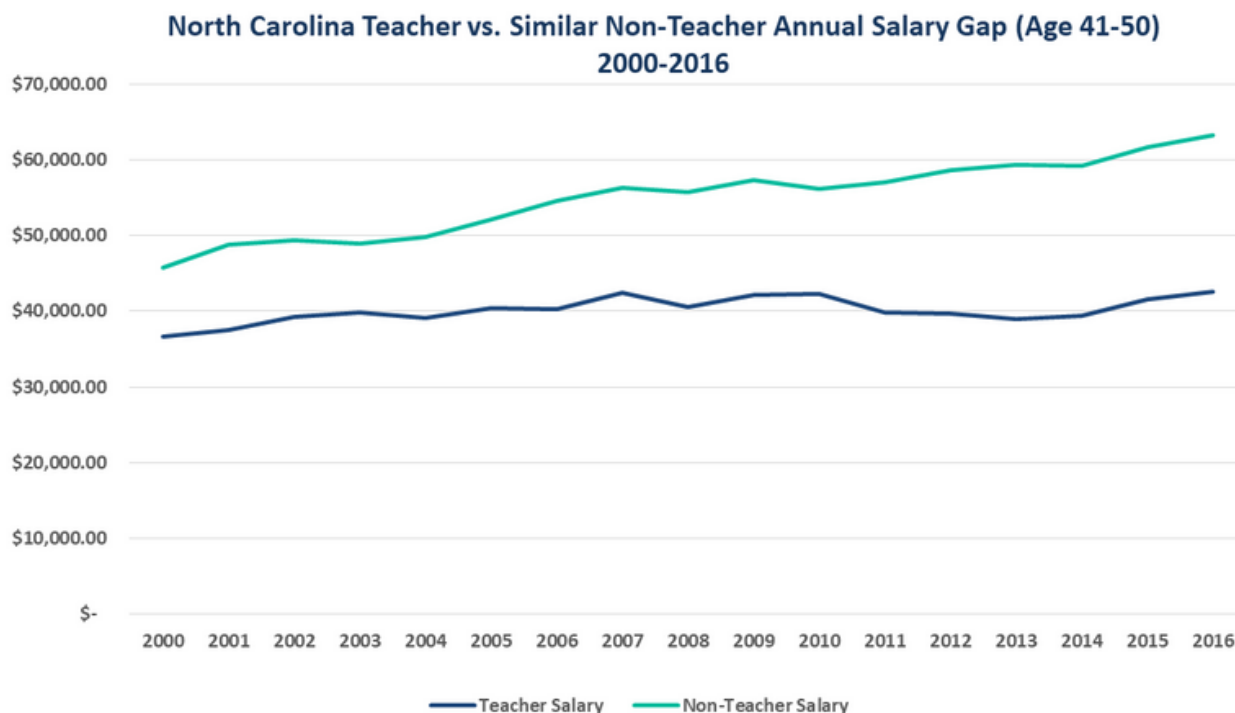
Our analysis also found that the wage gap between teachers and their peers in North Carolina has widened over time and is larger among older age groups. The two charts below illustrate the salary gap from 2000 to 2016 for two sample age groups: 25-30 year olds and 41-50 year olds. We find that the salary gap grew by approximately 130 percent between for both subgroups across the 16 year time period. In 2016, the most recent year available, a salary difference of nearly \$14,000 per year separated 25-30 year old teachers from their peers, while 41-50 year old teachers made more than \$20,000 less than their similarly educated and experienced peers.



\*Salary estimates are for teachers and non-teachers with similar levels of education and experience. Values control for various characteristics that affect wages (e.g., education, hours).

\*Data Source: School Finance indicators database. <http://schoolfinancedata.org/>

11. Allegretto, Sylvia, and Lawrence Mischel. "The Teacher Weekly Wage Penalty Hit 21.4 Percent in 2018, a Record High: Trends in the Teacher Wage and Compensation Penalties through 2018." Economic Policy Institute. Accessed May 22, 2019. <https://www.epi.org/publication/the-teacher-weekly-wage-penalty-hit-21-4-percent-in-2018-a-record-high-trends-in-the-teacher-wage-and-compensation-penalties-through-2018/>.



\*Salary estimates are for teachers and non-teachers with similar levels of education and experience. Values control for various characteristics that affect wages (e.g., education, hours).

\*Data Source: School Finance indicators database.<http://schoolfinancedata.org/>

Overall, compared to other states, the gap between North Carolina's teachers and their peers is one of the worst in the country and has gotten worse over time.

## Conclusion

In North Carolina, our state constitution as well as recent state Supreme Court *Leandro* rulings all stipulate that it is the state's responsibility to pay for public school instructional expenses, including teacher salaries.

Yet the state is taking credit for an "average" teacher salary that is inflated in large part because of the significant contributions to teacher salaries by local districts that have the wealth to do so. The reported state "average" teacher salary also excludes less experienced and lower-paid teachers and includes other sources of pay that many teachers do not receive, presenting an average salary figure to the public that is not representative of what teachers earn in most North Carolina school districts.

As a result, the discussions that policymakers are set up to have around the important issue of teacher earnings and whether or not they are competitive with both other states as well as other labor markets have become distorted. National datasets can paint a clearer picture of the reality of teacher pay in North Carolina.

While teachers across the country face low salaries overall, the relatively lower pay for teachers in North Carolina as compared to other states offers insight into why the desirability of the profession has declined over time and why we are facing a major crisis when it comes to teacher recruitment and retention—that is, that teachers in this state are earning far less than their peers with similar levels of education and experience. While teachers across the country are underpaid, the gap between teachers and their peers in North Carolina is the seventh largest in the country. This can help to explain why teacher preparation programs have seen a stark decline in enrollment in recent years, as well as why many of our schools are struggling to staff their classrooms with licensed teachers.

In the case of teacher pay statistics, lack of clarity around what the reported data are actually measuring, who is included, and what it really means has led to confusion, frustration, and misrepresentation of reality. And for many teachers across the state, this may mean that they will be less likely to receive much needed increases in compensation due to inflation of the reported state “average” that could allow policymakers to become complacent in thinking that we are doing enough. This is no grounding on which to make sound education policy decisions that have such serious implications for our state’s schools and children.

Finally, teacher salary is just one component of a broader conversation that is not taking place as it should with regard to investments in the teaching profession.

Over the past decade, North Carolina has witnessed a steady deprofessionalization of the teaching profession. While teachers have seen pay increases since the Great Recession, these salary bumps obscure the fact that in many cases they have come at the expense of numerous classroom needs and teacher supports that are essential to student success, leaving our teachers to consider second jobs and/or different careers, and deterring our best and brightest from considering the profession altogether. The list below includes some of what teachers—and, by extension, students—have lost.

- *The elimination of longevity pay and master’s pay;*
- *The elimination of career status (tenure), which offered teachers due process;*
- *The elimination of state funds for professional development;*
- *The elimination of retiree benefits for teachers hired in 2021 and beyond;*
- *Increased class sizes*
- *Loss of 8,000 teacher assistants in elementary classrooms*
- *Insufficient instructional resources and textbooks*
- *Insufficient mental health support personnel*



Teaching is one of the most difficult, and undoubtedly most important professions there is—and for the future of our state and all public schools, North Carolina teachers deserve better. It is critical that we as a state have an honest and accurate conversation about teacher pay and what increases in state spending for teacher salaries are necessary to begin to address the massive teacher shortages and inequities in salaries across districts that lead lower wealth districts to have an even more difficult time recruiting and retaining good teachers. Then, we must all work together to do more to lift up the teaching profession as a whole and restore North Carolina as a teaching destination.

